

**SURREY COUNTY COUNCIL****CABINET**

**DATE:** 23 JULY 2024

**REPORT OF CABINET MEMBER:** CLARE CURRAN – CABINET MEMBER FOR CHILDREN, FAMILIES AND LIFELONG LEARNING

**LEAD OFFICER:** RACHAEL WARDELL – EXECUTIVE DIRECTOR, CHILDREN, FAMILIES AND LIFELONG LEARNING

**SUBJECT:** CHILDREN'S COMMUNITY HEALTH SERVICES RECOMMISSIONING PROGRAMME

**ORGANISATION STRATEGY PRIORITY AREA:** NO ONE LEFT BEHIND / TACKLING HEALTH INEQUALITY / EMPOWERED AND THRIVING COMMUNITIES

<b>Purpose of the Report:</b>
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This report provides detail on the procurement phase of the Children's Community Health Services Recommissioning Programme. The procurement phase has now been completed and a decision needs to be made on contract award. If approval is given for contract award (subject to successful contract negotiations), then the Programme will move into the mobilisation phase so that the new service model for children's community health services can be delivered from 1<sup>st</sup> April 2025.

The Children's Community Health Services Recommissioning Programme helps Surrey County Council meet priorities around Tackling Health Inequality, Empowered and Thriving communities and No One Left Behind because children's community health services support the development, health and wellbeing of all children and young people across Surrey through universal Health Visiting and School Nursing services.

<b>Recommendations:</b>
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Recommendations will be considered in Part 2 of Cabinet.

<b>Executive Summary:</b>
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1. Children's Community Health Services encompass a range of universal, targeted and specialist clinical services across the county from Health Visiting for all babies and young children through to children's continuing care for children with very complex needs. They are important services and for many families they are the main source of support for health in childhood. These services contribute significantly to the ambition that 'no one gets left behind' and are key to the County-wide focus on early help, tackling health inequalities and the delivery of the new Inclusion and Additional Needs Strategy.

2. The contract for Children’s Community Health Services is jointly commissioned by Surrey Heartlands ICB, Surrey County Council, Frimley ICB and NHS England South East.
3. The contract for these services must be renewed through a procurement process so that a new contract can be put in place for delivery of children’s community health services from 1st April 2025. The complex recommissioning and re-design work for a new model of service delivery started in 2021.
4. In September 2023, the Surrey-wide Commissioning Committees in Common approved the tender documentation and the launch of the tender in early October. CiC also approved the Core Financial Envelope for the new contract (approximately £36M per annum) along with Transformation Funding of £1M for each of the first 3 years of the contract and indicative additional funding of around £300K per annum from Surrey CC for education-based Occupational Therapy.
5. The procurement followed the process and timescale set out in the Invitation to Tender. The closing date for initial bid submission was 11<sup>th</sup> December. Following evaluation and moderation, the procurement process moved into the Negotiation phase. The Invitation to Submit a Final Bid was published on 27<sup>th</sup> March with a final bid submission date of 19<sup>th</sup> April. Final evaluation and moderation were completed on 22<sup>nd</sup> May.

#### **Risks and planned mitigations:**

6. Risks and planned mitigations are set out in Part 2 of this paper.

#### **Consultation:**

7. The Cabinet Members for Children, Family and Lifelong Learning and for Adults, Wellbeing and Partnerships have been briefed on the content of this report.
8. Members of the Children, Family and Lifelong Learning Select Committee and the Health and Wellbeing Select Committee attended a briefing on the stages and outcome of the procurement process prior to the Cabinet meeting. An informal briefing was held in August 2023 on the new service model prior to the launch of the procurement.

#### **Financial and Value for Money Implications:**

9. The declared core financial envelope for the Children’s Community Health Services procurement is approximately £36M, split by commissioner as follows:

	NHSE	SCC	Surrey Heartlands	Frimley	Total
Financial value	£1.7M	£16.5M	£14.7M	£3.1M	100%

10. The above value is as advertised to the market and the envelope against which the bid was submitted. The financial model includes requirements to adjust the envelope for the NHS Business Rules and changes to the Council’s Public Health Grant, both of which are annual adjustments and will be reflected in the final contractual value at point of signature.

11. The financial envelope includes ring-fenced funding for School Aged Immunisations (£1.7M), for 0 – 19 services funded by Surrey County Council's Public Health Service (£14.5M) and for the delivery of a minimum numbers of hours of children's continuing care (£2.1M).
12. The contract value does not include non-recurrent grants or funding for services delivered by the current provider of children's community health services for asylum support, additional Parent Infant Mental Health support, etc. It also does not include additional funding for education-based Occupational Therapy that will continue to be provided by Surrey County Council on an annual basis. This funding has an indicative annual value of £300K and will provide support for the increasing number of children with Education, Health and Care Plans being educated locally and to improve timeliness of EHCPs.
13. The annual contract value of £36M from 1<sup>st</sup> April 2025 is lower than the current contract value for the following reasons:
- Changes to the model of delivery of children's continuing care with the ICBs taking responsibility for arranging and paying for packages of care for lower dependency children outside of this contract.
  - Dietetics for Surrey Downs and Musco-Skeletal Services (MSK) for East Surrey are being removed from the contract and the associated funding will be re-invested in new Place-based service models. These two services are currently delivered outside the children's community health services contract in other areas of Surrey and from April 2025 there will be new models of delivery for children and young people in Surrey Downs and East Surrey.
  - The exclusion of funding for the Child Health Information System (no longer to be delivered within the contract as it is being procured separately by NHS England regional commissioners).
  - There is not yet confirmation that the national annual flu vaccination programme will include secondary school age cohorts for each year of the contract term. Additional funding will be provided by NHSE on an annual basis dependent on the inclusion of secondary school cohorts in the flu vaccination programme.
14. There will be no automatically applicable additional growth built into the financial envelope over the lifetime of the contract beyond the application of NHS business rules/other inflationary uplift. The following wording was included in the Invitation to Tender document related to inflationary uplifts:
- Inflationary adjustments will be applied annually based on the NHS inflator or deflator. It is proposed that the NHS inflator or deflator will be applied automatically to all areas of the contract, except for services funded by SCC's Public Health service for which the NHS inflator or deflator will be the starting point, but a review will be conducted by SCC's Public Health service with the provider to agree the inflationary adjustment if the increase to Public Health funding for any year of the contract is lower than the NHS net inflator.*
15. In addition to the core financial envelope of £36M, it was agreed at the Surrey-wide Commissioning Committees in Common in September 2023 that Transformation funding of £1M will be provided by the ICBs and Surrey County Council for each of

the first 3 years of the new contract. Transformation Funding will support areas requiring ongoing service improvement and transformation, in line with those identified through reviews and development of the service model and wider system ambitions, including the Health and Care Transformation Programme. This will be paid by each organisation in line with their respective percentage share of the overall financial envelope. This transformation funding recognises the need to change ways of delivering services to meet increasing demand and reduce waiting times for some services. Priorities for transformation during the first 3 years of the contract will be determined by organisation representatives within the Contract Review Meeting governance, with information on the proposals shared with the Children's Services Strategic Leadership Board.

16. Split proportionally on the contract value for Surrey County Council and Surrey Heartlands and Frimley ICBs, transformation funding would be paid for each of the first 3 years of the contract as follows:

<b>SCC</b>	<b>SHeartlands</b>	<b>Frimley</b>	<b>Total</b>
£501,041	£408,719	£90,240	£1,000,000

#### **Section 151 Officer Commentary:**

17. The Council continues to operate in a very challenging financial environment. Local authorities across the country are experiencing significant budgetary pressures. Surrey County Council has made significant progress in recent years to improve the Council's financial resilience and whilst this has built a stronger financial base from which to deliver our services, the cost of service delivery, increasing demand, financial uncertainty and government policy changes mean we continue to face challenges to our financial position. This requires an increased focus on financial management to protect service delivery, a continuation of the need to deliver financial efficiencies and reduce spending in order to achieve a balanced budget position each year.
18. In addition to these immediate challenges, the medium-term financial outlook beyond 2024/25 remains uncertain. With no clarity on central government funding in the medium term, our working assumption is that financial resources will continue to be constrained, as they have been for the majority of the past decade. This places an onus on the Council to continue to consider issues of financial sustainability as a priority, in order to ensure the stable provision of services in the medium term.
19. In this context the Section 151 Officer recognises the importance of successfully and compliantly procuring a new contract for the delivery of Children's Community Health Services from April 2025. The Section 151 Officer can confirm that SCC's core contract value set out above together with the funding for education-based Occupational Therapy has been included in Council's Medium Term Financial Strategy.

20. The Section 151 Officer notes the planned approach to inflationary adjustments for the new contract being based on the NHS net inflator, which is consistent with the proposal shared with the Surrey-wide Commissioning Committees in Common in September 2023. SCC will take account of this when considering inflationary pressures in its MTFs across the services in the contract that are funded by the Council. The ability for a review of inflation for services funded by SCC's Public Health service based on changes to SCC's Public Health funding will be important to ensure that expenditure remains within available financial resources. This review process will need to be managed carefully to ensure services can continue to be delivered appropriately within the available funding envelope.
21. Finally, the Section 151 Officer can confirm that SCC's contribution to the Transformation Fund (£1.5m from SCC over the first 3 years of the contract) has been accounted for. SCC will factor this into its MTFs. Education-based Occupational Therapy, which will be paid by SCC's CPLL Directorate outside of the core contract, is included in the Council's current budget and any changes to these requirements will be considered as part of setting the Council's MTFs.

#### **Legal Implications – Monitoring Officer:**

22. Under the terms of the Public Contract Regulations 2015, Commissioners have some flexibility in how to conduct procurement processes for health and social care services following the initial advertisement of the contract opportunity. Following a report to Committee In Common in June 2023, it was agreed to conduct the procurement using a light touch open tender process. This has enabled Commissioners to include clarification and negotiation elements in the process.
23. Hempsons LLP were appointed to provide legal advice to all commissioners on a common interest basis and they have been involved throughout the procurement process.
24. Commissioners have had due regard to the public sector equality duty. This is reflected in the equalities impact assessment that is appended to this report.

#### **Equalities and Diversity:**

25. An Equality and Quality Impact Assessment (EQIA) has been drafted and is attached at Annex 1.
26. The agreed financial envelope for the new contract is constrained and is likely to impact on delivery of services. Whilst the new model offers opportunities to mitigate against some of this risk, it will not be able to do this completely. Therefore, some children, young people and their families are likely to experience longer waits for services, less direct face to face delivery and more online or telephone support.
27. In light of these risks, the EQIA does articulate that there is likely to be negative impact on some groups with protected characteristics related to age, disability and pregnancy and maternity.

28. The EQIA also shows that other groups, not solely people with protected characteristics, may also be affected by these decisions and face inequity:

- Carers
- Digital poverty/exclusion
- Travel poverty/exclusion
- Looked after children
- Socioeconomic disadvantage
- Children who are safeguarded
- Children with a special educational need or disability

29. The EQIA provides an assessment of risk to the quality of provision across the following areas:

- Patient safety
- Staff safety
- Clinical effectiveness
- Patient experience
- Staff experience
- Organisation experience

The current EQIA scores for these areas are 12 - probability (4) by moderate consequence (3).

<b>Other Implications:</b>
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30. The potential implications for the following council priorities and policy areas have been considered. Where the impact is potentially significant a summary of the issues is set out in detail below:

<b>Area assessed:</b>	<b>Direct Implications:</b>
Corporate Parenting/Looked After Children	The CCHS contract includes requirements for the timely delivery of support for Looked After Children, including Initial and Review Health Assessments with the aim of improving the physical and mental health of Looked After Children.
Safeguarding responsibilities for vulnerable children and adults	The CCHS contract includes the Safeguarding Service to ensure that all staff working in children's community health services are fully trained in safeguarding, effectively supervised and have support to address any

	safeguarding issues raised when delivering community health services.
Environmental sustainability	Bidders were required to set out the actions they would take to ensure delivery of services meets the Council's declared sustainability goals and targets.
Compliance against net-zero emissions target and future climate compatibility/resilience	Bidders were required to set out the actions they would take to ensure delivery of services meets the Council's declared Net Zero and Climate Change goals and targets.
Public Health	The CCHS contract includes delivery of the Healthy Child Programme on behalf of the Director of Public Health. The Programme is delivered to all children and aims to provide a foundation for good health in later life and reduce health inequalities.

### What Happens Next:

31. If a decision is made to award the contract, procurement would publish the intention to award the contract on the procurement portal on 1<sup>st</sup> August 2024. There would then follow a standstill period of 10 days which provides an opportunity for any other bidders to challenge the contract award. The end of standstill letter would be sent on 13<sup>th</sup> August 2024. Contract negotiations would then need to commence immediately.

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#### Annexes:

Annex 1- Children's Community Health Services Equality and Quality Impact Assessment

Part 2 report

#### Consulted:

Young people and parents and carers were consulted on what they wish to see in the new service model for delivery of children's community health services – Spark the Difference Report, November 2022.

<https://www.surreyheartlands.org/download.cfm?doc=docm93jijm4n1514.pdf&ver=1597>

Senior representatives from each of SCC's commissioning partners have been consulted on the content of the report (Surrey Heartlands ICB, Frimley ICB, NHS England South East).

Lead Members for Children, Families and Lifelong Learning and for Adults, Wellbeing and Partnerships have been consulted on the content of the report.

Members of the Adult and Health and CFLL Select Committees attended a closed briefing prior to the Cabinet meeting.

Legal Services – Deborah Chantler 18.06.24

**Sources/background papers:**

Surrey-wide Commissioning Committees in Common papers (Part 2) – Children's Community Health Services Recommissioning Programme 28<sup>th</sup> June and 20<sup>th</sup> September 2023

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